UNITED STATES VIRGIN ISLANDS
Economic Development Authority
ST. CROIX 116 King Street, Frederiksted, VI 00840
(340) 773-6499 FAX (340) 773-7701
ST. THOMAS 8000 Nisky Shopping Center, Suite 620, St. Thomas, VI 00802
(340) 714-1700 FAX (340) 777-1103
www.USVIEDA.org

SUMMARY

IGY-AYH ST. THOMAS HOLDING, LLC

HISTORY:

On April 25, 2007, a transfer application was filed with the VI Economic Development Commission ("VIEDC") requesting a transfer of incentives to IGY-AYH St. Thomas Holdings, LLC ("IGY"). On May 29, 2007, Mr. Jeffery Epstein acquired 50% interest in IGY as a passive member. The transfer Certificate was agreed upon on December 12, 2010, with a transfer effective date of January 19, 2007. The below chart shows the periods of incentives:

VIEDC Certificate of Incentives	Percentage	Commencement	Termination
Income Taxes	90%	January 19, 2007	March 7, 2010
Gross Receipt Taxes	100%	January 19, 2007	March 7, 2010
Excise Taxes (Raw Materials)	100%	January 19, 2007	October 31, 2012
Excise Taxes (Equipment, Machinery)	100%	January 19, 2007	October 31, 2012
Dividend Withholdings		January 19, 2007	March 7, 2010
Interest Withholdings		January 19, 2007	March 7, 2010
Real Property Tax	100%	January 19, 2007	December 31, 2011
Custom Duties	1%	January 19, 2007	October 31, 2012

On October 22, 2010, IGY submitted an extension application for an extension of its tax incentives. The extension application was accepted as complete by the Chief Executive Officer ("CEO") of the USVI Economic Development Authority ("USVIEDA") on November 12, 2010. On November 23, 2010, the public hearing was held, followed by the Commission meeting on February 24, 2011. On June 21, 2011, the Governor of the Virgin Islands approved the tax incentives, the Certificate of Tax Incentives ("Certificate") was signed by the Chairman of the VIEDC on August 15, 2011, and the VIEDC Compliance orientation was held on January 13, 2013.

IGY was granted an extension of its incentives that commenced and terminated as follows:

VIEDC Certificate of Incentives	Percentage	Commencement	Termination
Income Taxes	81%	March 8, 2010	March 7, 2015
Gross Receipt Taxes	90%	March 8, 2010	March 7, 2015
Excise Taxes (Raw Materials)	90%	N/A	N/A
Excise Taxes (Equipment, Machinery)	90%	November 1, 2012	October 31, 2017
Dividend Withholdings		March 8, 2010	March 7, 2015
Interest Withholdings		March 8, 2010	March 7, 2015
Real Property Tax	90%	January 1, 2012	December 31, 2016
Custom Duties	1%	November 1, 2012	October 31, 2017

On October 30, 2015, IGY submitted a modification application for a modification of its tax incentives. Due to the incompleteness of the application, on December 23, 2015, the VIEDC Applications Unit requested the missing information; subsequent follow ups regarding the need for information was done by the VIEDC Applications Unit. Thereafter, on March 5, 2018, an amended application was submitted for a modification and extension of the tax incentives. On May 31, 2018, the application was accepted as complete. The public hearing was held on June 5, 2018, and the modification and extension of the tax incentives were approved on July 5, 2018 by the VIEDC Board[1]. The Certificate was signed by the Chairman of the VIEDC on November 5, 2018, and the Compliance orientation was conducted on February 1, 2019.

IGY was granted a modification and extension of its incentives commencing and terminating as follows:

VIEDC Certificate of Incentives	Percentage	Commencement	Termination
Income Taxes	81%	March 8, 2015	March 7, 2025
Gross Receipt Taxes	90%	March 8, 2015	March 7, 2025
Excise Taxes (Raw Materials)	90%	N/A	N/A
Excise Taxes (Equipment, Machinery)	90%	November 1, 2017	October 31, 2027
Dividend Withholdings		March 8, 2015	March 7, 2025
Interest Withholdings		March 8, 2015	March 7, 2025
Real Property Tax	90%	January 1, 2017	December 31, 2026
Custom Duties	1%	N/A	N/A

Compliance Status:

The following compliance reviews were completed for IGY:

1. Completed April 24, 2017 covering the period January 19, 2007 to December 31, 2012. IGY was not found in full-compliance. However, during a July 6, 2017 VIEDC Board Decision meeting the following was ordered for a resolution of non-compliance:

    I. Accept IGY-AYH St. Thomas Holdings, LLC's offer to make a contribution to the Workforce Development Fund in the amount of $500.97 for failure to fully comply with the terms of special condition number two, retirement benefits, by failing to contribute to one eligible employee's retirement plan during 2008.

[1]Pursuant to Act 8056

II. Require IGY-AYH St. Thomas Holdings, LLC to pay $5,000.00 for failure to ensure that all contractors and subcontractors have a valid USVI business license and adhere to the terms and conditions of their VIEDC Tax Incentive certificate.

2. Completed April 24, 2017 covering the period January 1, 2013 to December 31, 2015. IGY was not found in full-compliance. However, during a July 6, 2017 VIEDC Board Decision meeting the following was ordered for a resolution of non-compliance:

   I. Require IGY-AYH St. Thomas Holdings, LLC to pay a fine of $6,000.00 for failure to comply with procurement procedures during 2014 and 2015.

   II. Require IGY-AYH St. Thomas Holdings, LLC to pay a fine of $55,000.00 for failure to provide its employees with long-term disability insurance during 2015 and require the Beneficiary to provide proof of long term disability insurance within sixty (60) days of the Board's decision.

On August 9, 2017, IGY petitioned then Chairman of the VIEDC, and then Acting CEO of the USVIEDA, and requested reconsideration, pursuant to the VIEDC Rules and Regulations sections 717-402 and 717-403, of the VIEDC Boards' decisions of July 6, 2017. The petition also referenced sections 708-706(a), 708-707, 708-707(a), and 708-707(e) of the VIEDC Rules and Regulations as supporting basis for the reconsideration petition.

On November 16, 2017, during the VIEDC Board Decision meeting, the following was ordered:

1. Deny IGY-AYH St. Thomas Holdings, LLC's request for reconsideration.

2. Require IGY-AYH St. Thomas, LLC to comply with all previously issued Board actions within 15 calendar days of the Board's decision.

3. If IGY-AYH St. Thomas Holdings, LLC does not comply with recommendation #2, an Order to Show Cause why its Tax Incentives certificate should not be revoked, suspended or modified for non-compliance with the terms and conditions of its certificate shall be issued pursuant to 29 V.I.C. § 722.

On December 11, 2017, IGY remitted payment in the amount of $16,500.97 in accordance with the VIEDC Board's order for a resolution of non-compliance. On December 12, 2017, the VIEDC issued a VIEDC Compliance Clearance to IGY for the compliance period January 19, 2007 to December 31, 2012 and January 1, 2013 to December 31, 2015.